

Braley Urges Paulson to Improve Transparency and Oversight of Bailout Funds

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Washington, DC - Today Rep. Bruce Braley (D-Iowa) sent a letter to Treasury Secretary Henry Paulson urging him to address concerns raised in a Government Accountability Office (GAO) report on the Emergency Economic Stabilization Act (EESA) that became law in October.

The December 2nd report raised several concerns about the Treasury Department's implementation of the \$700 billion bailout package, including lack of oversight for the Troubled Asset Relief Program (TARP) funds and failure to communicate spending decisions to Congress and the American taxpayers.

The Emergency Economic Stabilization Act required the GAO to report to Congress every 60 days on the status of the EESA. The December 2nd report was the first GAO report released since passage of the bailout.

A copy of Braley's letter is attached to this message. The text of the letter is below:

December 8, 2008

The Honorable Henry Paulson

Secretary

United States Treasury Department

1500 Pennsylvania Avenue, NW

Washington, D.C. 20220

Dear Secretary Paulson,

As you know, there were several reporting mechanisms included within the recently enacted Emergency Economic Stabilization Act (EESA). One of these requirements was a report to be submitted to Congress every 60 days by the United States Government Accountability Office (GAO).

As scheduled, the GAO released their first report on Tuesday, December 2, 2008. In this report, the GAO noted that the Treasury has yet to address a number of issues related to the troubled asset relief program (TARP). The Treasury has injected billions of dollars into the capital purchase program (CPP), but according to the report there is no mechanism in place to monitor how participating institutions are spending CPP funds. It is imperative that the Treasury develop a plan to ensure that participating institutions are using CPP funds responsibly.

The report also indicated that the existing communications strategy needs to be formalized to ensure that taxpayers and Members of Congress are aware of the program's current strategy. Transparency is essential to maintain the taxpayers' confidence that their money is being spent wisely. This is especially important in light of the change in course on strategy from purchasing mortgage-backed securities to purchasing preferred stock.

Another concern expressed in the GAO report is that there is not a formal plan in place on how to facilitate a transition to the new Administration. Revitalizing our economy is a national priority that needs to rise above partisan politics. I am hopeful that you will do everything possible to ensure that the integrity of the financial recovery plan is maintained, by formalizing ongoing activities, as well as ensuring that key leadership positions are filled during and after the transition.

The GAO report also suggests that there is not adequate staffing to carry out and oversee the TARP program. As of November 21, 2008, only 48 employees had been assigned to TARP. Office of Financial Stability (OFS) officials have identified the need for about 130 positions, with some indicating the office may require as many as 200 people. It is essential the Treasury hire well-qualified career staff that will be able to stay on after the transition to the new Administration.

I strongly believe that the American people have a right to know how their taxpayer funds are being used by the Treasury, especially in light of the recent change in course on how to revitalize the economy. I encourage you to seriously consider the recommendations made by the GAO regarding the troubled asset relief program. It is essential that you ensure the integrity, accountability, and transparency of this program.

Please respond to this letter within 10 days on what the Treasury plans to do in response to the recommendations made

by the GAO report. Thank you for your attention to this issue. Feel free to contact me if you have any questions.

Sincerely,

Bruce Braley